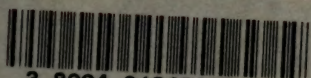


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REPORT

OF THE

ROYAL COMMISSION

ON THE

FINANCIAL POSITION

OF THE

PROVINCE OF ONTARIO.

CORRECTED EDITION.



TORONTO

WARWICK BROS & RUTTER, PRINTERS.
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O. Mowat, Lieutenant-Governor.

PROVINCE OF ONTARIO.

Victoria, by the Grace of God, of the United Kingdom of Great Britain and Ireland, Queen, Defender of the Faith, &c., &c., &c.

To John Hoskin, Esquire, LL D., one of our counsel learned in the law and president of The Toronto General Trusts Corporation, Byron Edmund Walker, Esquire, general manager of the Canadian Bank of Commerce, and Angus Kirkland, Esquire, manager of the Bank of Montreal, Toronto, all of our City of Toronto, in our County of York and Province of Ontario.

Our Commissioners in this behalf, greeting :

J. M. Gibson,
Attorney-General.

Whereas in and by chapter nineteen of the Revised Statutes of our Province of Ontario, entitled "An Act respecting Inquiries concerning Public Matters," it

is enacted that whenever the Lieutenant-Governor of our said Province-in-Council deems it expedient to cause inquiry to be made into and concerning any matter connected with the good government of our said Province, or the conduct of any part of the public business thereof, or the administration of justice therein, and such inquiry is not regulated by any special law, the Lieutenant-Governor may, by the commission in the case, confer upon the Commissioners or persons by whom such inquiry is to be conducted, the power of summoning before them any party or witnesses, and of requiring them to give evidence on oath, orally or in writing (or on solemn affirmation if they be parties entitled to affirm in civil matters), and to produce such documents and things as such Commissioners deem requisite to the full investigation of the matters into which they are appointed to examine, and that the commissioners shall then have the same power to enforce the attendance of such witnesses, and to compel them to give evidence and produce documents and things, as is vested in any Court in civil cases, but that no party or witness shall be compelled to answer any question by his answer to which he might render himself liable to criminal prosecution.

And whereas it has been made to appear to the Executive Government of our said Province that it is expedient to cause an examination to be made (a) of the books of the Treasury Department of our said Province with a view to testing the accuracy of the receipts and expenditures as shown in the Public Accounts of our Province and (b) of the methods of bookkeeping adopted by our said department.

And whereas the Lieutenant-Governor of our said Province of Ontario-in-Council deems it expedient that inquiry should be made into the said matters.

Now know ye that we, having and reposing full trust and confidence in you the said John Hoskin, you the said Byron Edmund Walker and you the said Angus Kirkland do hereby, by and with the advice of our executive council of our said Province, appoint you the said John Hoskin, you the said Byron Edmund Walker and you the said Angus Kirkland to be our Commissioners in this behalf to inquire into and to report to our said Lieutenant Governor upon (1) The books of our Treasury Department with a view to testing the accuracy of the receipts and expenditures as shown in the Public Accounts of our Province of Ontario from the 1st day of July, 1867, to the 31st day of October, 1899, inclusive, and to submit a statement showing the actual annual receipts and expenditures of our Province for the period aforesaid. (2) To submit a statement of the moneys expended out of revenue (a) on public works and buildings and (b) on railways for each year since Confederation. (3) To examine and report upon the assets and liabilities of our Province on the 31st day of October, 1899. (4) To examine the books of our said Treasury Department and to report whether the methods of bookkeeping adopted by the said department set forth clearly and with such reasonable details as are usual in the case of large financial institutions the business affairs of the said Province.

Giving to you our said Commissioners full power and authority to summon before you any party or witnesses, and to require him, or them, to give evidence on oath, orally or in writing (or on solemn affirmation if such party or witnesses is, or are entitled to

Recorded 6th day of November, A.D. 1899.

JOHN F. O. USSHER,
Deputy Registrar.

affirm in civil matters), and to produce to you our said commissioners such documents and things as you may deem requisite to the full investigation of the premises, together with all and every other power and authority in the said Act mentioned and authorized to be by us conferred on any commissioner appointed by authority or in pursuance thereof.

And we do require you our said Commissioners forthwith after the conclusion of such inquiry, to make full report to our said Lieutenant Governor touching the said investigation together with all or any evidence taken by you concerning the same.

To have, hold and enjoy the said office and authority of Commissioners for and during the pleasure of our said Lieutenant-Governor.

In testimony whereof, we have caused these our letters to be made patent and the great seal of our said Province of Ontario to be hereunto affixed.

Witness: The Honourable Sir Oliver Mowat, Knight Grand Cross of our most distinguished Order of Saint Michael and Saint George, member of our Privy Council for Canada and etc., etc., etc., Lieutenant-Governor of our said Province of Ontario. At our Government House, in our City of Toronto, in our said Province, this second day of November, in the year of Our Lord one thousand eight hundred and ninety-nine, and in the sixty-third year of our reign.

By command,

G. E. LUMSDEN,

Assistant Secretary.

To His Honour the Honourable Sir Oliver Mowat, G.C.M.G., P.C., etc., etc., etc., Lieutenant-Governor of the Province of Ontario.

On 2nd November 1899, the undersigned were appointed a Commission as set forth in the following Order-in-Council which was passed under the Great Seal.

Upon the recommendation of the Honourable Mr. Ross the Committee of Council, advise that a commission be issued under the Great Seal, appointing John Hoskin, Esquire, Q.C., LL.D., President of the Toronto General Trusts Corporation, Byron E. Walker, Esquire, General Manager Canadian Bank of Commerce, and Angus Kirkland, Esquire, Manager of the Bank of Montreal, Toronto, all of the city of Toronto, Commissioners for the following purposes:

1. (a) To examine the books of the Treasury Department with a view to testing the accuracy of the receipts and expenditures as shown in the Public Accounts, from 1st July, 1867 to 31st October, 1899, inclusive, and (b) to submit a statement showing the actual annual receipts and expenditures of the province for the period aforesaid.
2. To submit a statement of the moneys expended out of revenue (a) on public works and buildings, (b) on railways, for each year since confederation.
3. To examine and report upon the assets and liabilities of the province on the 31st October, 1899.
4. To examine the books of the Treasury Department and to report whether the methods of book-keeping adopted by the said department set forth clearly and with such reasonable details as are usual in the case of large financial institutions, the business affairs of the province.

On 10th November, 1899, the Commission met and discussed the appointment of expert assistance to enable the Commissioners to comply with their instructions. It was resolved to employ Messrs. Clarkson & Cross, public accountants, to examine the books of the Treasury Department and such other records of the Government as might be necessary to the purposes of the enquiry. The work was undertaken by Mr. W. H. Cross, F. C.A., with whom the Commissioners have exhaustively discussed the methods used to ensure accurate information. The Commissioners now beg to report to your Honour as follows, taking up the four sections of the Order-in-Council as numbered therein, and quoting each section in direct connection with the report thereon.

SECTION 1 (a).

To examine the books of the Treasury Department with a view to testing the accuracy of the receipts and expenditures as shown in the public accounts, from 1st July, 1867, to 31st October, 1899, inclusive.

The books of account of the Treasury Department of the province of Ontario have been examined from 1st July, 1867, to 31st October, 1899, a period of 32 years and 4 months.

The methods of the Department and its financial records are excellent, and have been so for many years. The receipts by the various departments of government are evidently paid over to the Treasurer with promptness. All expenditures are made by cheque issued from the Treasury.

The present system has, however, been worked out somewhat slowly. In 1886 as the result of an examination, a report of which was submitted to the Legislature with the financial returns for the year 1888, it was shown that for an extended period there had been much laxity both in methods and practice, and although the aggregate loss to the Province proved to be only \$6,276.19, this inefficiency in system left the door open to possibilities of serious wrong doing. The present Audit Act, R.S.O. Cap. 23, which was evidently the result of the laxity referred to, demands complete scrutiny of all transactions. It requires every expenditure to be vouched for in all respects before being made. A record of all payments so authorized is kept by the Auditor with particulars, and from this is prepared the financial statement submitted to the Legislature. Thus there is really a duplicate record of expenditures as there is in the various departments a duplicate record of a large portion of the receipts. The tendency of each improvement of system has been to centre financial control and responsibility more immediately in the Treasurer and his department.

SECTION 1 (b).

To submit a statement showing the actual annual receipts and expenditures of the Province for the period aforesaid.

The following statements, numbers 1, 2, 2a, 2b, 3 and 3a, afford the information required under this inquiry both by years and in detail, to which the Commissioners have added notes of explanation :—

No. 1.—ANNUAL RECEIPTS AND EXPENDITURES OF THE PROVINCE OF ONTARIO FROM CONFEDERATION TO 31ST OCTOBER, 1899, A PERIOD OF 32 YEARS AND 4 MONTHS.

Year.	Receipts.	Expenditures.
1867	1,156,857 36	611,410 61
1868	2,443,686 06	1,484,506 31
1869	2,783,745 75	1,750,416 04
1870	2 721,971 78	1,883,640 96
1871	2,659,746 69	2,121,448 42
1872	3,367,415 04	2,522,219 38
1873	3 141,297 67	3,099,634 43
1874	3 446,347 93	3,883,701 79
1875	3,156,605 81	3,617,522 07
1876	2,589,084 99	3,152 365 47
1877	2,502,448 88	3,131,998 22
1878	2,284,656 16	2,914,864 11
1879	2,287,951 39	2,954,711 92
1880	2,584,151 76	2,531,166 45
1881	2,788,746 78	2,592,799 93
1882	2 880,450 40	2,931,824 60
1883	2,439,941 42	2,900,035 38
1884	2,820,555 45	3,207,889 67
1885	3,005,920 71	3,040,139 07
1886	3,148,660 01	3,181,449 69
1887	3,527,577 95	3,454,372 43
1888	3,602,862 14	3,544 834 85
1889	4,464,030 71	4,578,982 00
1890	3,434,258 69	3,907,428 08
1891	4,138,589 09	4,158,459 55
1892	4,662,921 57	4,068,257 39
1893	4,091,914 01	3,907,145 32
1894	3,453,162 69	3,839,338 75
1895	3,585,300 10	3,758 595 44
1896	3,490,671 45	3,703,379 73
1897	4,139,847 68	3,767,675 70
1898	3,710,927 74	3,864,970 85
1899	3,303,098 56	3,151,340 85
		\$103,815,404 42
		\$103,218,525 46
Unexpended		596,878 96

\$103,815,404 42

NO. 2.—RECEIPTS—32 YEARS AND 4 MONTHS, TO 31ST OCTOBER, 1899.

From Dominion Government.....		\$47,624,136 35
Grammar School Lands	\$ 178,660 46	
Common School Lands.....	1,325,554 02	
Clergy Lands	1,173,677 32	
Railway Lands.....	39,308 89	
Crown Lands	3,174,898 14	
Sundry receipts	525,580 02	
Rentals.....	358,055 16	
Woods and Forests.....	23,871,893 28	
Mining Licenses 1897-8	6,166 00	
Ten months of 1899 unclassified.....	842,034 33	
Crown Lands Dept. returns	\$31,495,827 62	
Municipal Loan Fund.....	2,373,393 30	
Toronto Asylum land.....	\$300,122 61	
New Parliament Building land	174,210 04	
Agricultural Hall	101,250 00	
Mimico and other land sales.....	114,266 21	
	689,848 86	
Algoma Land Taxes	152,516 06	
Fisheries for the year 1899	28,619 94	
Territorial Revenue		34,740,205 78
Revenue from Prisons and Asylums.....	\$2,359,055 46	
Revenue from Educational Institutions.....	1,398,611 57	
From Underwriters of property burned	73,115 10	
From sale of Provincial Statutes	43,605 01	
From Ontario Gazette.....	277,319 27	
Interest upon Investments.....	3,334,347 32	
Annuities sold.....	2,066,529 27	
Swamp drainage assessments	256,877 01	
Drainage debentures redeemed	1,023,999 04	
Earnings and re-payments		10,833,459 05
Liquor Licenses	\$5,578,599 87	
Law Stamps.....	2,257,927 71	
Succession Duties since 1892.....	1,179,449 53	
Charter and Secretarial Fees.....	258,738 50	
Official Surplus Fees since 1880.....	239,357 98	
Marriage Licenses *to 1873.....	214,540 96	
Marriage Licenses since 1874.....	71,561 27	
Private Bills.....	123,939 89	
Fines and forfeitures	119,203 27	
Insurance Company fees since 1876	178,522 54	
Loan Company fees since 1897	30,853 80	
1899 receipts under 62 Vic., cap. 8.....	144,983 91	
Licenses, stamps and fees		10,397,679 23
Casual receipts unclassified.....		219,924 01
		\$103,815,404 42

No. 2a.—DOMINION OF CANADA RECEIPT TRANSACTIONS.

NOTE.—This statement gives the details of the first item in Statement 2, page 7.

Received by the Province of Ontario from the Dominion, from 1st July, 1867, to 31st October, 1899:

Subsidy of \$558,872 80, half-yearly, in advance, for sixty-five half years..	\$36,298,366 00
Special grant of \$40,000, payable on 1st July and 1st January in each year for sixty-five half years	2,600,000 00
Applied in yearly financial statements of the Treasurer as interest upon special funds.....	6,743,524 48
Appropriations to 30th June, 1867, then unexpended	\$218,473 37
Immigration grant of \$25,000 yearly, for 1872 and 1873 ..	50,000 00
Balance not specifically applied.....	213,230 54
	481,703 91
Dominion bonds received 31st December, 1891, for credit of account current.....	500,000 00
Common School Lands collections transfers under specific agreements..	1,000,541 96
Total receipts	(Statement 2). \$47,624,136 35

No. 2b.—DOMINION OF CANADA.

NOTE.—Statement 2B shows the receipts from the Dominion on interest account since Confederation. See item 3, page 8.

Received as interest by the Province of Ontario from the Dominion of Canada from Confederation to 31st October, 1899 :

From 1st January, 1868, to 1st July, 1899, inclusive, 64 half years at 5 per cent., upon Upper Canada funds :

Grammar School	\$ 312,769 04	\$ 7,819 23	
Building Fund.....	1,472,391 41	36,809 78	
	<u>1,785,160 45</u>	<u>\$44,629 01</u>	
			\$2,856,256 64

From 1st January, 1868, to 1st July, 1888, and 42 half-years at 5 per cent., upon Ontario Share of Common School Fund..... \$1,645,644 47

Upon basis of Census of 1861..... 23,719 30 996,210 60

On account of Common School Fund interest as follows :

1889.....	48,327 50	
1890.....	68,327 50	
1891.....	68,327 50	
1892.....	68,327 50	
1893.....	68,327 50	
1894.....	78,348 46	
1895.....	30,602 32	
\$17,143 82.... 1896.....		
19,258 02.... 1897.....		
1898.....	40,741 98	
1899.....	40,741 98	
	<u>512,072 24</u>	
\$36,401 84 short paid 1896-7	36,401 84	
Received during eleven years, 1889-99.....		475,670 40

Yearly addition to subsidy under 47 Vic., cap. 4, namely, 5 per cent. upon \$2,848,289 52. from 1st July, 1884, to 1st July, 1899, 31 half-years, each \$71,207 24..... \$2,207,424 44

Actual receipts..... \$6,535,562 08

Difference between six per cent. claimed by Ontario and five per cent. allowed by Dominion upon special funds for 16 years, 1868 to 1883, each \$12,997.65 207,962 40

Receipts as presented to Legislature (Statement 2a) \$6,743,524 48

No. 3.—EXPENDITURES—32 YEARS AND 4 MONTHS TO 31ST OCTOBER, 1899.

Dominion of Canada		\$ 2,812,670 99
Civil Government	\$ 5,928,352 68	
Gratuities	354,814 72	
Legislation	4,035,636 77	
Statute Consolidation	230,665 73	
Elections and Voters Lists since 1874	684,218 24	
N.W. Boundary and Arbitrations to 1885	66,374 57	
Administration of Justice	9,881,311 07	
Scott Act, years 1882 to 1890	45,445 81	
Governmental Services		21,226,819 59
Aid to Railways	\$ 6,820,910 49	
Colonization Roads	3,248,015 30	
Municipal Drainage	1,194,970 87	
Swamp Drainage	366,581 44	
River, Lake and Bridge works	1,078,961 21	
National Parks since 1885	70,182 41	
Public Works other than Buildings		12,779,621 72
Public Buildings, construction outlay	\$ 9,548,858 63	
Repair and Maintenance since 1884	1,107,579 17	
Fire Premiums, 1872 to 1887	136,141 86	
Maintenance of Public Institutions	17,661,946 35	
Yearly Grants to Hospitals and Charities	3,315,182 13	
Miscellaneous Grants	314,842 73	
Loan to Toronto General Hospital in 1869	4,000 00	
		32,088,550 87
Education	\$17,832,675 96	
Toronto University, Fire Grant	160,000 00	
		17,992,675 96
Crown Lands Surveys, Ranging, Improvements, Agencies and Compensations	\$ 3,176,125 05	
Crown Lands Refunds	495,998 95	
Province of Quebec as interest upon collections of Com- mon School Land Sales, on account	250,000 00	
Miscellaneous refunds	29,453 55	
Surplus Distribution to Municipalities under Acts of 1859 and 1873	3,388,777 47	

Municipalities Fund — Distribution of Clergy Lands		
under 50 Vic., cap. 5	\$929,375 47	
Land Improvement Fund — Distribution of portions of certain Crown Land Sales between 1853 and 1861.		620,436 53
Charges upon Revenue		8,890,167 02
Agriculture and Arts		\$ 4,207,895 40
Factory Act since 1887		58,572 35
Colonial Exhibition in 1886		10,073 29
Columbian Exhibition in 1893		95,492 97
Immigration		1,033,443 80
		5,405,477 81
Unforeseen and unprovided for		\$ 283,060 23
Expenditures unclassified		788,881 27
Annuity repayments		950,600 00
		2,022,541 50
Total of Expenditures		\$103,218,525 46
Accountable warrants, current 31st Oct., 1899		\$ 4,352 58
Cash on hand, 31st Oct., 1899		592,526 38
		596,878 96
		\$103,815,404 42

No. 3a.—DOMINION OF CANADA—EXPENDITURE TRANSACTIONS.

Retained by Dominion as interest upon share of excess debt of late Province of Canada to 30th June, 1873, at the rate of five per cent. per annum, eleven half-yearly sums of \$145,833.33 each	\$ 1,604,166 63
Retained by Dominion, differences in rate of interest upon funds held solely on behalf of Ontario to 31st December, 1883, sixteen yearly sums of \$12,997.65 each	207,962 40
Net collections by Ontario of sales by the late Province of Canada of Common School Lands, awarded to be held by the Dominion in trust for Ontario and Quebec, payments made by following transfers:—	
11th January, 1889, Collections to 31st Dec., 1887....	\$ 925,625 63
20th April, 1890, " " " 1889....	11,103 70
28th July, 1898, " " " 1892....	16,277 46
16th Dec., 1898, " " " 1897....	47,535 17
	1,000,541 96
Total of Expenditures (Statement 3, item 1).	\$2,812,670 99

RECEIPTS.

The receipts of the Province since Confederation have been \$103,815,404 42, namely:

Dominion Government.....	\$47,624,136 35
Territorial Revenue.....	34,740,205 78
Earnings and Repayments	10,833,459 05
Licenses, Stamps and Fees	10,397,679 23
Unclassified.....	219,924 01

It will be seen that from the first two sources named have come four-fifths of the entire receipts, the remaining one-fifth falling into two nearly equal parts, under the headings of Earnings and Repayments and Licenses, Stamps and Fees.

During the earlier years the payments by the Dominion supplied more than one-half of the needs of the Province, and although the proportion must steadily diminish, it is still one-third.

The receipts from the Department of Crown Lands have been one-third of the whole. They include collections which, as the result of inherited statutory obligations, were separated from the ordinary receipts from Crown Lands. The Province is gradually discharging these statutory obligations, and the entire receipts from Crown Lands will eventually form part of the ordinary Consolidated Revenue Fund, thus becoming subject to direct appropriation by the Legislature.

Of the sum of \$10,833,459.05 under the heading of Earnings and Repayments, only \$3,334,347.32 can be described as earnings; the remainder being either investments repaid, or deductions from expenditures. The receipts from Prisons, Asylums and Educational Establishments, although usually spoken of as earnings, in reality constitute a repayment of a small portion of the cost of these establishments.

The proceeds of Annuities sold are regarded by the department as replacing to that extent payments of Railway Certificates, thus extending the aid to railways over a further period of forty years. In this view the Railway Certificates and the Annuity Repayment certificates are alike regarded as a charge upon the year in which they mature. Both have formed part of the yearly financial statement submitted to the House, but they have been excluded from the liabilities of the Province, which have been limited to those immediately payable.

About one-tenth of the income of the Province since Confederation has been supplied by Licenses, Stamps and Fees, viz, \$10,397,679.23, and more than half of this has come from liquor licenses.

RELATIONS WITH THE DOMINION OF CANADA.

It appears that the Dominion did not at once, on 1st July, 1867, divest itself of the conduct of all Provincial transactions, the withdrawal being gradual and not completed until 1873. Some confusion is apparent in the accounts of this period previous to 1873, and from them the exact course of events cannot always be made out. The amended statements submitted to the Legislature with the financial returns of 1869 deal only with such transactions as were apportioned to the Consolidated Revenue Fund. These and later returns show amounts as received from the Dominion, which were, in fact, retained by the Dominion, and other amounts as paid to the Dominion, which, in fact, were deducted by that Government from the Provincial subsidy. These retentions aggregate \$1,812,129.03, (Statement 3a). The statements here submitted follow these returns and include the portion of the subsidy to the Province of Ontario retained by the Dominion of Canada. They also attempt to assign the earlier transactions to the year in which they occurred, rather than to that in which they reached the Treasury Books.

During the first seven years the receipts of the Province greatly exceeded its expenditures, reaching at the end of this term nearly five million dollars. During the remaining twenty-five years there has always been considerable, and at times large sums on hand or invested. The interest earned for the Province by this unexpended money has aggregated \$3,334,347.32 or \$103,160 per annum, which is equivalent to four per cent interest upon a continuous investment of over two and a half millions of dollars.

The Province has further received from the Dominion a still larger amount, \$6,743,524.48, (Statement 2b), by way of interest upon special funds held by the Dominion, and whatsoever amount of principal was to be found by arbitration as due to the Province at Confederation still remains due, with the exception of \$500,000 received thereon in 1891.

EXPENDITURES.

More than one half of the \$103,218,525.46 expended by the Province may be classified under three headings, viz :

1. The Care of the Afflicted. 2. The Education of the Young. 3. The Administration of Justice, although in the matter of cost this is a less important item than the first and second.

The item of Civil Government, \$5,928,352.68, includes the inside services of nearly every department and the further classification of this large item is not practicable.

The outlay upon construction of public buildings, \$9,548.858, 63, namely :

Governmental and Judicial.....	3,158,176.40
Asylum and Reformatory.....	5,113,386.74
Educational and Agricultural.....	1,277,295.49

together with the repair and maintenance of these buildings, lend themselves more readily to classification, but the figures are incomplete inasmuch as land values in almost every case and outlays prior to confederation in all cases, are not included : moreover in the case of the Andrew Mercer Reformatory an amount, \$89,708.94 disbursed by the Attorney General's Department, is not included in the cost of that institution or as a receipt or expenditure by the Province.

The divisions in the statement herewith submitted, therefore, do not attempt to adjust the expenditures further than by following the arrangement adopted in the returns submitted to the Legislature. The expenditures classed as "Unforeseen and Unprovided for" might to a large extent be divided among the main services. On the other hand, of the larger item of "Expenditures unclassified," \$788,881.27, very little could be so divided.

SECTION 2.

To submit a statement of the moneys expended out of revenue (*a*) on Public Works and Buildings, (*b*) on Railways for each year since Confederation.

The following statements numbers 4, 5, 6, 7, and 8 show the expenditure by years since Confederation on (*a*) Public Works, including Drainage work for municipalities partly recovered, Land Improvement and Colonization Roads, on (*b*) Public Buildings, and on (*c*) Railways, (Statements 4 & 5). The expenditure on Public Works is also given in detail, (Statement 6); on Public Buildings in detail with the recoveries from land sales in connection therewith and from the fire insurance on buildings destroyed or partially destroyed, (Statement 7); and on Railways in detail, (Statement 8).:—

No. 4 — EXPENDITURES FROM CONFEDERATION TO 31ST OCTOBER, 1899

Year.	Public Works.	Swamp Drainage.	Drainage Debentures.	Land Improvement.	Colonization Roads.	Aid to Railways.
	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
1867.....					11,695 78	
1868.....		€78 90			36,901 15	
1869.....	18,262 34	2,925 05			35,589 94	
1870.....	77,472 88	46,371 79			50,000 00	
1871.....	56,342 86	78,200 61		94,258 43	55,409 04	
1872.....	29,544 93	31,148 19		24,195 63	75,799 19	372,786 00
1873.....	50,111 79	31,408 42	53,949 22	25,639 58	145,950 00	426,642 00
1874... ..	85,346 55	53,128 31	54,238 56	22,686 55	90,762 43	113,812 90
1875.....	25,515 32	55,660 03	81,736 30	28,099 73	103,511 89	417,334 00
1876.....	33,205 35	53,443 78	24,809 95	18,631 16	85,931 43	372,306 65
1877.....	30,666 56	11,425 96	49,243 25	15,504 73	77,300 00	343,613 74
1878.....	26,313 26	590 40	34,496 45	16,741 30	85,612 48	232,529 05
1879.....	26,867 27		86,602 39	14,439 23	114,564 13	479,064 02
1880.....	26,375 31		51,279 30	11,112 97	96,839 99	182,032 48
1881.....	24,369 94		41,926 48	9,449 67	97,289 80	205,528 37
1882.....	20,140 25		37,519 47	122,607 44	110,650 00	254,445 82
1883.....	41,062 43		31,294 83	17,033 51	123,497 47	258,001 62
1884.....	27,717 40	1,600 00	71,998 04	7,152 68	185,772 55	253,783 41
1885.....	38,690 80		40,223 78	5,257 73	121,435 32	250,808 01
1886.....	51,763 07		27,926 56	98,039 90	145,213 80	247,982 14
1887.....	40,990 23		30,166 39	4,745 46	122,974 78	247,982 14
1888.....	42,870 71		58,784 92	3,619 74	112,273 56	247,982 14
1889.....	23,071 66		26,627 88	2,752 04	103,666 63	247,982 14
1890.....	34,715 38		85,654 56	2,984 97	125,233 26	248,681 74
1891.....	35,126 67		62,887 83	49,993 66	98,312 31	252,179 74
1892.....	21,824 85		43,593 64	4,205 63	103,655 39	158,189 58
1893.....	18,045 87		62,495 07	3,750 73	112,166 30	145,416 44
1894.....	28,582 36		44,851 77	6,603 45	116,879 78	147,515 24
1895.....	28,739 70		44,635 51	3,239 22	116,706 59	159,403 44
1896.....	38,077 06		18,048 72	2,806 52	102,719 24	183,857 00
1897.....	32,155 73		13,772 94	2,531 33	93,379 10	159,548 77
1898.....	22,297 77		9,762 72	2,353 54	107,454 29	125,649 50
1899.....	22,694 91		6,444 34		82,867 68	85,547 41
	1,073,961 21	366,581 44	1,194,970 87	620,436 53	3,248,015 30	6,820,910 49

No. 5.—PUBLIC BUILDINGS FROM CONFEDERATION TO 31ST OCTOBER, 1899.

Year.	Construction Expenditures	Land Sales.	Refunds.	Fire Insurance.
	\$ c.	\$ c.		\$ c.
1867	27,987 36	1,111 67		
1868	113,751 49			
1869	251,897 53			
1870	283,889 62			
1871	296,076 98			
1872	206,071 83			
1873	472,859 50	3,713 14		
1874	291,558 14	1,810 20		
1875	125,059 05	1,233 04		
1876	265,743 47	26,487 50		
1877	280,020 66	11,925 71		
1878	396,919 18	5,138 46		9,000 00
1879	145,139 79	625 63		6,900 00
1880	145,511 19	29,338 20		1,500 01
1881	151,221 78	1,140 19		
1882	132,800 86	707 95		1,500 00
1883	132,131 58	34 88		9,798 02
1884	235,517 24	645 60		753 36
1885	155,747 19	202 15		5,000 08
1886	236,012 63	21,872 15		21,608 11
1887	399,460 98	122,411 57		
1888	450,626 79	63,333 61		1,616 36
1889	661,574 74	121,256 44		80 10
1890	595,290 93	86,206 11		15,359 06
1891	620,592 20	432 37		
1892	717,181 31	12,822 20		
1893	573,018 33	2,295 55		
1894	403,024 13	6,040 00		
1895	265,600 90	65 25		
1896	208,374 00	13,192 76		
1897	136,788 55	4,000 00		
1898	98,121 01	42,290 00		
1899	73,287 69	109,516 53		
	9,548,858 63	689,848 86*		73,115 10*

*See Statement 2.

No. 6.—PUBLIC WORKS, CONSTRUCTED TO 31ST OCTOBER, 1899.

Lake of the Woods	\$ 4,000 00	Sydenham River	\$ 2,136 26
Lake of Bays	581 82	Stoney Creek	828 25
Lake Couchiching	427 84	Nottawasaga River	5,915 09
Lake Nipissing	8,782 17	Moirs River	2,135 22
Lake Kushog dam	300 00	Kaministiqui River	22,865 02
Lake Cobb outlet	1,102 08	River Beaudette dredging	3,000 00
Shoal Lake	1,998 25	Pigeon River (Victoria Co.)	4,999 62
Mud Lake	1,502 32	High Falls slide and dam	9,706 07
Battle Lake	4,068 72	Otonabee River	9,162 91
Muskoka Lakes	12,018 01	do bridge	2,500 00
Muskoka River	69,817 99	Lake Scugog road	1,500 00
Cut between Rosseau and Joseph ..	9,995 75	Scugog River	91,928 84
Rosseau River lock	36,945 96	Lock at Lindsay	5,788 21
Port Carling bridges	3,121 99	Bridge at Portage du Fort	5,747 99
Crib at Georgian Bay	6,758 70	Madawaska bridge	2,471 50
Lock Balsam and Cameron Lakes ..	40,544 13	Des Joachim Rapids bridge	5,937 72
Lock Mary and Fairy Lakes	69,114 12	Trent River Bridge	2,000 00
Lock Young's Point	31,192 72	Roads in Ryerson Township	5,886 02
Lock at Magnetwan	56,425 30	Washago and Gravenhurst road ...	33,281 34
Magnetwan River	7,634 22	Lake Superior route 1869-70	9,137 14
Muskrat River	893 76	Pier at Southampton	2,022 63
Head river	976 82	Pier at Port Elgin	2,750 00
Mississicua River	4,989 84	Niagara Falls fencing	8,025 48
Mississippi River	4,730 71		
Squaw River	1,669 66	Construction outlay as above	\$775,159 36
Gull and Burnt River	96,899 14	Miscellaneous expenditure to Dec.	
Nation River	19,877 23	31st, 1881	75,377 06
Peninsula Creek	32,739 19	Surveys, reports and maintenance of	
Union Creek	648 63	locks, bridges, etc	228,424 79
Mill Creek	500 00		
Wye River	5,176 98		\$1,078,961 21

No. 7.—PUBLIC BUILDINGS.

Institution.	Since	Construction Expenditure.	Refunds.	
			Land Sales.	Fire Losses.
Old Parliament building	1867	\$ 107,306 49		
New Parliament building	1880	1,501,448 68	\$ 174,230 79	
Government House	1867	183,795 48	1,111 67	69 00
Osgoode hall	1874	\$141,730 92	\$25,000 00	
County gaols, 1876 to	1882	93,369 70		
Registry offices and lock-up :				
Algoma District	1878	59,535 29		
Haliburton "	1874	8,465 62		
Muskoka "	1868	25,959 67		2,649 16
Nipissing "	1882	51,511 87	1,000 00	
Parry Sound "	1871	27,318 92	59 80	
Rainy River "	1882	35,691 00	190 00	
Thunder Bay District	1871	46,912 04		
Central prison	1871	872,886 35	4,681 20	29,883 98
Penetang reformatory	1870	177,279 66		
Andrew Mercer reformatory	1880	130,154 78	3,508 74	
Lunatic asylums :				
Brockville	1892	465 872 81	4 76	
Hamilton	1873	883,206 70		15,673 61
Kingston	1878	456,121 55	8 53	953 28
London	1869	907,451 97	40 00	16,639 00
Mimico	1889	595 802 01		
Orillia	1876	524,534 50	11,500 00	1,000 08
Toronto	1868	373,778 33	310,036 36	
Blind institute	1870	269,830 48	694 77	
Deaf and dumb institute	1868	314,322 45		416 52
Cobourg	1897	15,031 50		
Normal school, London	1898	38,667 13		
Normal school, Ottawa	1873	217,051 76		330 46
Normal school, Toronto	1871	177,670 25		
School of Practical Science	1871	282,310 06	30,180 00	
Eastern Mining and Dairy school	1895	12,048 11		
Western Dairy school	1895	14,583 71		
Pioneer Dairy farm	1895	5,178 43		
Agricultural farm, Mimico	1871-4	53,887 84	26,238 99	
Agricultural college	1873	475,574 20	113 25	5,500 01
Agricultural hall	1887	324 00	101,250 00	
Brock's monument and shelter	1886	2,356 22		
		9,548,970 48	689,848 86	73,115 10
Less transfer entries		111 85		
		\$9,548,858 63		

No. 8.—AID TO RAILWAYS.

Railway.	Cash bonus.	Certificate bonus.
Belleville and North Hastings		\$ 114,206 40
Brantford, Norfolk and Port Burwell		129,353 60
Canada Central	\$ 125,957 15	
Canada Southern		244,559 20
Central Counties	32,597 26	
Cobourg, Peterboro and Marmora	18,740 00	
Credit Valley	18,702 00	788,648 85
Canada Atlantic		454,887 60
Erie and Huron	1,634 47	122,200 40
G. T., Georgian B. and L. Erie	1,580 00	229,866 00
Grand Junction	40,000 00	238,067 68
Hamilton and North Western		727,697 20
Hamilton and Lake Erie	66,960 00	
Irondale, Bancroft and Ottawa		195,888 00
Kingston and Pembroke	213,522 50	393,423 20
Lake Simcoe Junction	53,000 00	
London, Huron and Bruce		268,839 60
Midland	66,227 50	149,284 40
Montreal and Ottawa		186,560 00
North Simcoe		144,241 60
Northern Extension	196,188 00	
Ontario, Belmont and Northern		\$ 35,725 60
Ottawa, Arnprior and Parry Sound		817,692 00
Pembroke S.		103,540 80
Parry Sound Colonization		267,247 20
Port Arthur, Duluth and Western	\$15,571 54	447,744 00
Prince Arthur's Landing		20,747 20
Prince Edward County		155,520 00
Port Dover and Lake Huron	125,000 00	
Stratford and Lake Huron	55,000 00	
Tilsonburg, Lake Erie and Pacific		71,295 20
Toronto, Grey and Bruce	285,182 00	176,182 40
Toronto and Nipissing	105,212 00	
Victoria	33,442 00	503,875 20
Wellington, Grey and Bruce	241,276 00	
Whitby, Port Perry and Lindsay	40,000 00	89,790 40
Certificates issued		\$7,077,083 65
Cash directly paid, \$1,736,792 42		1,736,792 42
Aid granted to 2,076 miles		8,813,876 07
Certificates outstanding 31st Oct., 1899		1,992,965 58
Cash expended to 31st Oct., 1899		\$6,820,910 49

SECTION 3.

To examine and report upon the assets and liabilities of the Province on the 31st October, 1899.

The following statements, numbers 9 and 10, set forth the Treasury Assets and Liabilities of the Province, to which the Commissioners have added notes of explanation :

No. 9.—ASSETS 31st OCTOBER, 1899.

Bank Clearances.

Ontario Bank	\$38,878 56	
Canadian Bank of Commerce	58 467 58	
Imperial Bank	36,412 54	
Standard Bank	34,786 18	
Traders Bank	14,035 89	
Bank of Hamilton	13,590 45	
Current Balances	\$196,171 20	
Less non-current balance	43 59	
		\$196,127 61

Ontario Bank	\$130,000 00	
Canadian Bank of Commerce	101,398 77	
Imperial Bank	60,000 00	
Standard Bank	20,000 00	
Traders Bank	70,000 00	
Bank of Hamilton	20,000 00	
Special deposits		401,398 77
Total of actual cash on hand		\$597,526 38

Funds held by the Dominion in behalf of Ontario upon which interest at a rate of five per cent. per annum has been settled as payable to the province half yearly :

U.C. Grammar School Fund	\$ 312,769 04	
U.C. Building Fund	1,472,391 41	
Land Improvement Fund	124,685 18	
Fund created under Act of 1884	2,848,289 52	
		4,758,135 15

Common School Fund held by the Dominion on behalf of the Provinces of Ontario and Quebec, upon which interest at the rate of five per cent. per annum is payable, divisible as between the provinces in ratio of the last decennial census, \$2,521,371.10; upon basis of 1891 census, Ontario's share being	1,479,656 10	
		\$6,835,317 63

Direct investments :

Drainage debentures	\$118,019 30	
Tile debenture coupons	120,732 17	
Municipal drainage assessments	37,196 47	
Sault Ste. Marie debentures	29,152 65	
		305,100 59
		\$7,140,418 22

No. 10.—LIABILITIES 31ST OCTOBER, 1899.

Balance of account current with the Dominion from Confederation to date, including Common School Fund and other transfers; capitalization of the bounty of the crown under tribal treaties assumed by the Dominion, the capital having been apportioned to the provinces under various awards, with interest upon said account current, and including interest as between Ontario and Quebec not finally adjusted.....		\$2,000,000 00
Common School Fund collections by Ontario from 1st January, 1898, payable to the Dominion in trust for both provinces	\$12,576 12	
Less Ontario's share upon basis of last census	7,308 24	
		5,267 88
Present value upon basis of $3\frac{1}{2}$ per cent. per annum of :		
Annuity repayments	\$1,937,231 90	
Railway certificates.....	1,180,483 00	
		3,117,714 90
Liability to other Crown Trusts in connection with certain land sales, the mortgages for which were taken over by these trusts upon the guarantee of the Consolidated Revenue Fund		59,562 15
		\$5,182,544 93

TREASURY ASSETS.

It is obvious that the ordinary commercial interpretation of what are assets or liabilities cannot be profitably applied to a province in possession of extensive powers of taxation. In the case of municipal bodies with limited powers of levying taxes, everything which is the property of the municipality, and which may be realised upon for the purpose of discharging obligations is generally treated as an asset. It would not be wise to apply this rule to the Province of Ontario, whose territorial rights are exercised quite apart from consideration of gain or of indebtedness. It would, for instance, be inconvenient and unnecessary to bring to account in the Treasury books the unpaid purchase moneys of public lands actually sold. Apart from the Crown Lands, the disposal of which is a matter of public policy, the Province possesses in the city of Toronto and in its neighborhood lands once used for the Legislative buildings and as part of other public institutions but now no longer needed, such lands possessing an aggregate value of several hundred thousand dollars. These properties would in the case of a municipality be properly returned as Treasury assets, but in the case of Ontario it would doubtless be unwise so to regard them until they have been actually realised upon. The administration of the bounty of the Crown as conferred by the late Province of Canada upon Indian tribes as the aboriginal occupants of certain lands became under the B.N.A. Act the duty of the Dominion of Canada. The annual payments representing this bounty have been capitalized as if payable in perpetuity, and the Provinces of Ontario and Quebec have been rateably charged with the amount, \$906,280. This money is held by the Dominion in trust as between the eighteen tribes and the two Provinces, and as by the merging of these tribes in the general population these payments may be gradually extinguished, the trust fund is clearly a liability of the Dominion, and although perhaps not an asset of either Province it is certainly a matter of which account should be kept.

The statement submitted limits the assets to \$7,140,418 22, being the actual cash on hand and the funds upon which the Province actually receives interest from year to year. The direct investments form only \$305,100 59, a sum which is justly owing to the Province by Ontario municipalities, as to whose ability to discharge the obligation there is no doubt.

More than six million dollars consist of five funds held by the Dominion of Canada. Three of these, The Upper Canada Grammar School Fund, the U. C. Building Fund and

the Land Improvement Fund have been so held since Confederation, and they have been declared by the Inter-Provincial Arbitrators to be intact and unimpaired and to be held exclusively for the benefit of Ontario.

The fourth fund, \$2,848,289.52, also held exclusively for the benefit of Ontario, was created under a Dominion statute in 1884. It is practically a refund to Ontario of various amounts retained as interest by the Dominion upon an assumed excess debt of the late Province of Canada, with interest upon said retentions to 1884, capitalized. The amounts appearing in the 1884 statute are,

Principal moneys.....	\$1,663,239 00
Interest accretions.....	1,185,050 52
Fund created	\$2,848,289 52

The principal moneys appear in the Ontario books as \$1,604,166 63 (Statement 3a).

The fifth fund is held for the joint benefit of Ontario and Quebec and consists of the proceeds of Common School land sales which have been the subject of much discussion. Two of the four awards upon this question made by the Inter-Provincial Arbitrators are yet in appeal, although we understand that neither the amount of the trust nor the apportionment of interest thereon is involved.

Among the expenditure transactions with the Dominion appears a claim made by the Province upon the Dominion for interest, viz: \$207,962 40, but this claim of the Province was not allowed (Statement 3a).

The rate of interest upon the entire amount held by the Dominion for Ontario being settled at five per cent. per annum without termination or date for repayment, the question of the exigibility of the principal amount due by the Dominion should not require consideration, as it is obvious that it would be a great misfortune for the Province if the Dominion Government had the power to pay the debt. What we have to deal with is the fact that the Dominion is required to pay Ontario interest to the extent of \$312,000 per annum. The debt on which this interest is payable is \$6,237,791, but the actual present value of the income of \$312,000 per annum at the moment is about \$9,000,000 considering money to be worth $3\frac{1}{2}$ per cent. per annum, the value assigned to it in calculating the obligations of the Province.

It might occur to those unacquainted with the manner of fixing the present value of semi-annual payments of interest where the principal sum does not become payable at a fixed date, or never becomes payable, that such an asset is not as available for the purposes of the Province as if the principal sum could be obtained and the interest payments be terminated. If any hold such a view we venture to say that it is quite unsound with reference to the obligations of the Dominion Government to the Province of Ontario. It is quite clear that the semi-annual payments can be hypothecated and the present money value be thus obtained, and we have shewn that if the Dominion Government cannot force the Province to take the principal sum the asset is enormously increased in value because of the high rate of interest fixed by statute. But in order to set at rest such a view the Commissioners requested the Provincial Treasurer to communicate with the Minister of Finance in order to ascertain whether the Dominion would pay the sum of \$2,848,289.52, being the fund created under the Act of 1884, provided the Province requested it to do so. We subjoin the correspondence, which leaves no doubt that if the Province should desire to forego the privilege of receiving 5 per cent. per annum in interest on this amount the Dominion will be quite willing to repay the principal.

“TORONTO, Dec. 29th, 1899.

“MY DEAR SIR,—The Government of Ontario have appointed a royal commission for the purpose of enquiring into and reporting on the financial affairs of the Province. For the purpose of assisting the Commission in the prosecution of their enquiry, I am desirous of ascertaining how your Department regard the sum of money (\$2,848,000) which has been placed to the credit of the Province by Chap. 4 of the Statutes of 1884.

"Although we have not called on the Dominion for payment of this money, we have assumed in our accounts that it belongs to the Province, and that if we had desired to use it for Provincial purposes we would have been free to do so.

"Kindly let me know the view which your Department takes of this question.

"Yours truly,

"G. W. ROSS."

"Hon. W. S. FIELDING, M.P.

"Minister of Finance,

"Ottawa."

"OTTAWA, January 12th, 1900.

"MY DEAR MR. ROSS,—I have the honor to acknowledge receipt of your letter of the 29th ultimo on the subject of certain moneys placed to the credit of your Province in the accounts with the Dominion.

"The advantages to the Province in permitting these moneys to remain to the credit of the Province in the Dominion, where they yield to the Province five per cent. interest, are so obvious that I do not suppose you are contemplating their withdrawal. As a pure matter of finance between the Dominion and the Province, it would of course be profitable to the Dominion to pay you the money, as we could easily raise it at much lower rates.

"I do not think your Government have any unconditional right to demand this money from the Dominion. There are certain limitations provided by the statutes; but no doubt if you desired to obtain the money, you could easily comply with these conditions.

"In the earlier history of confederation it appears to have been contemplated that the moneys placed to the credit of the provinces in what was called the Debt Account should remain in that account, and the annual interest be paid to supplement the allowances for the support of the provincial governments. I find, however, that in 1874 there was a change of policy in this respect. Section 2 of Chap. 17 of the Statutes of that year provides as follows:

"The Governor-in-Council may in his discretion advance from time to time to any Province of Canada such sums as may be required for local improvements in the Province, and not exceeding in the whole the amount by which the debt of the Province for which Canada is responsible then falls short of the debt with which the Province was allowed to enter the Union, such advances to be deemed additions to the debt of the Province, with permission to the Province to repay them to Canada, on such notice, in such sums and on such other conditions as the Dominion Government and that of the Province may agree upon, any amount so paid being deducted from the debt of the Province in calculating the subsidy payable to it."

"Under this statute it appears to have been intended that the moneys at the credit of the provinces could be withdrawn for the purpose of assisting in the construction of provincial public works. Considerable sums were so drawn by the Provinces of Nova Scotia, New Brunswick, British Columbia and Manitoba.

"By chap. 4 of the Acts of 1885 the section above quoted was re-enacted with a further limitation placed upon the action of the provincial governments by requiring the passage of a provincial statute as a basis for an application to the Dominion Government for payment of these moneys.

"I think that practically the Act of 1884 operates as an extension of the Acts relating to the Debt Account, and that, therefore, the moneys credited to Ontario by the Act stand in the same position as a balance of debt account favorable to a province under the B.N.A. Act. This was the view apparently taken by this Department in 1884, and since continued, as appears by the Public Accounts.

"Looking at these several Acts, I am of opinion that you would not have the right to draw these moneys for the ordinary purposes of government; but that Parliament intended that they might be withdrawn by a provincial government, with the previous sanction of the Legislature, for local improvements. I have no reason to doubt that if, instead of raising the moneys for your public works by the issue of securities, you had seen fit to make application, under the Acts above cited, for a portion of these moneys

from the Dominion, the government of the day would have recognized this as a proper use of the moneys, and would have authorized the payment of the sum required.

"If you desired now to withdraw, subject to the above conditions, any moneys standing to the credit of the Province, there would not be any objection to your so doing.

Yours faithfully,

"The Honourable G. W. Ross,
Premier of Ontario, Toronto.

W. S. FIELDING,
Minister of Finance.

TREASURY LIABILITIES.

Under Cap. 21 of R. S. O. it would seem quite plain that entries in connection with the various services cannot arise in the Treasury books until after appropriation by the Legislature. Hence pensions and distributions though recurring from year to year if not paid during the year fail to be included in the succeeding year's accounts. It has been the practice to regard certain small recurring payments of this class as liabilities. We submit that a better practice would be to treat as liabilities only such obligations as are entered into by the Province in its corporate capacity.

The item styled "Balance of the Account Current with the Dominion" is the result of the transfer of the Common School land collections and of the findings of the Arbitrators which have fallen in favor of the Dominion. The commissioners have had interviews regarding this item with Mr. Æmilius Irving, Q. C., who has acted as counsel for the Ontario Government in the matters submitted to arbitration, and they are provided by him with a statement in detail which sets forth the debt of Ontario to the Dominion as about \$1,820,000. In view, however, of an unsettled balance of interest with Quebec, and of some interest adjustment with the Dominion, we have thought well to adopt the figure lately used by the Provincial Treasurer, viz: \$2,000,000. We understand that this balance may be paid by Ontario to the Dominion as soon as the account is settled.

The small amount of Common School land collections since 1st January, 1898, is payable in pursuance of an award.

The various certificates issued as aid to railways and the annuity certificates extending the same are included as a liability of the Province. The aggregate present value of these is less than a single year's revenue. The practice of the Department is to regard them as a charge upon future years and not as a liability presently payable. That they will be paid from the revenue of future years without any impairment of investments may be regarded as highly probable, but in the opinion of the Commissioners they should not on that ground be omitted from any statement of liabilities.

SECTION 4.

To examine the books of the Treasury Department and to report whether the methods of bookkeeping adopted by the said Department set forth clearly and with such reasonable details as are usual in the case of large financial institutions, the business affairs of the Province.

This enquiry has been directly reported upon in connection with Section 1 of the Order-in-Council, where we have shewn that the methods of bookkeeping are excellent and exhibit in as full detail as in an ordinary financial institution, all of the financial transactions of the Province, but it may be advisable that the Commissioners should in addition, offer suggestions in connection with the form of return used by the Provincial Treasurer in laying before Parliament the details of his Department, and of the nature of the information regarding assets of the Province which are not Treasury assets, that might be afforded by other Departments.

THE FORM OF RETURN.

The financial return presented to the Legislature consists of detailed statements of the year's transactions prefaced by three general statements. The Summary Statement, numbered one, apportiones the year's transactions partly to the Consolidated Revenue Fund and partly to open accounts. Statement numbered two deals with the latter, whilst that numbered three deals with the former. It is difficult to understand the grounds

upon which such a division was made. The return first took this form in 1870, and it seems probable that the then Treasurer, the Hon. E. B. Wood, thought some advantage might accrue from making a distinction between transactions upon Capital Account and those upon Income Account. At any rate the official from Ottawa who was entrusted with the work, gave effect to this view. The estimates for the year 1868 were submitted with the following preface:—

NOTE —“The great bulk of the expenditures for education and for the administration of justice are provided for by various Acts of Parliament, but it is considered most convenient to include all expenditures in the estimates. It is perhaps advisable to remark, that the estimates do not touch any of the subjects which by the Constitutional Act are to be determined by arbitration.”

The same preface would not have been inappropriate to any succeeding annual statement submitted to the Legislature.

Pending the settlement of accounts with the Dominion and the Province of Quebec, the statements of the Province have continued to be in some respects provisional, for no account has yet been taken in the books of the Department of the subject matter of the Inter Provincial Arbitration, nor of any matters other than actual cash receipts and expenditures, and no adjustment has been made having for its object the setting forth of the result of these.

The Consolidated Revenue Fund Act, R.S.O., cap. 21, very plainly directs that to this fund must go all receipts over which the Legislature have the power of appropriation. Nowhere does this statute contemplate the making of any distinction as between capital moneys or income moneys, the term “Revenue” being used in a sense which includes both.

The second statement of the printed return is a list of accounts arising in the Treasury books. It represents what in a financial institution would be a statement of assets and liabilities, or a balance sheet, and it has no doubt often been so regarded by those called upon to consider Provincial finance. The statement in question is a mere trial balance, puzzling at many points even to those intimate with the course of Provincial finance. The cash items and several others are alone proper Treasury accounts. The remainder deal with past transactions on behalf of other departments of government.

Certain obligations of the Province, both inherited and self-created, had a restraining influence upon earlier expenditures. The Public Lands Act, 16 Vic., cap. 159, and various later enactments appropriate portions of past and future receipts to specific purposes, placing the Province in the position of trusteeship, and it may well have seemed prudent to hold actual cash reserves in order to discharge such obligations. The Consolidated Revenue Fund Act itself specifies applications of receipts, and directs as to investment of surplus funds.

Such investments are to be on the fund account, and not in respect of any of the quasi trusts themselves. Moreover, there is no discretion to retain funds in hand. It is now plain that the Revenue Fund of the Province of Ontario amply suffices for all possible demands upon it. It is equally plain that it is both unnecessary and economically disadvantageous to retain large cash reserves.

Under these circumstances, there appears no reason why the provisions of R.S.O., cap. 21, should not be adhered to; in which case Statement numbered three of the annual returns will become no longer necessary. Statement numbered two would become a Treasury balance sheet, dealing exclusively with financial assets and liabilities adjusted to the date of the return. So long as the cash and investments of the Province exceeded its liabilities so adjusted, the balance of this account would be properly described as a surplus. Should the liabilities exceed the assets, then the balance of this account would be the net indebtedness of the Province. Such a return would be useful in many directions, but in the past the unsettled accounts with the Dominion and the Province of Quebec have formed a bar to its creation.

ASSETS OTHER THAN TREASURY ASSETS.

It has already been stated that in the opinion of the Commissioners the balance sheet of the Province should be confined on the asset side to what are here called Treasury assets. But it does not follow that the Province should be without a record of the value of such properties as do not come under the definition of Treasury assets. It might be

well to have prepared from time to time a statement of the properties connected with the various departments of government and the institutions belonging to the people under control of the Crown as represented by the Provincial Government, with an approximation of the value of each based upon the cost of construction, if no better basis can be found.

If any of these properties are no longer used as public institutions, such as the old Parliament block, and are therefore assets which may be turned into money applicable to the uses of the Province, they might be set forth in a separate statement.

These statements would naturally take their place along with other statistical information, and indeed the necessity for complete statistical returns from each branch of government is becoming more and more apparent.

The Commissioners have not overlooked the fact that the most valuable assets possessed by the Government, viz., those under control of the Crown Lands Department, are not susceptible of being treated in statements in which money values are the precise measure, but much information regarding the value of such assets might reach the people under an enlarged scheme of statistical returns.

In order, for instance, to be able to judge whether the large amounts received by the Province from the woods and forests have in effect been upon capital or income accounts, the area of each class of timber having commercial value remaining to be leased, the area of each class that has been leased, and the area of that once under lease, but which has reverted to the Department, should be known. The extent to which reforestation is practicable in the unsettled and in the partially settled districts is also information which it would be of great value for the people to possess. Almost equally useful but much more difficult, would be an intelligent return dealing with Crown Lands generally in the vast unsurveyed areas.

All which we the said Commissioners respectfully submit.

(Sgd.)

B. E. WALKER,

Chairman.

(Sgd.)

JOHN HOSKIN.

(Sgd.)

ANGUS KIRKLAND.

Toronto, 13th February, 1900.

